Use of the Comprehensive Permit in Massachusetts

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Presentation to the Governor's Chapter 40B Taskforce

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Introduction

- Goal - provide facts and framework to help you evaluate 40B's effectiveness and limitations
  - Contribution to state's affordable housing inventory
  - Evolution and use over time
  - How current activity mirrors/differs from past
  - Role of the HAC
  - Recent progress

CP Production, Existing and Proposed

Status	Developments	Total Units	40B Units	Affordable Units
Existing	485	28,046	24,391	17,895
Approved, ready to go	30	3,564	3,029	824
In process (in negotiation, at ZBA, HAC, or court)	165	14,935	9,665	4,028
With site approval letters, not yet filed w ZBA	57	3,049	1,779	764
Applied for site approval, but not yet granted	52	3,373	2,002	839
Total in process	304	24,921	16,475	6,455
Total existing and in process	789	52,967	40,866	24,350

Expanding the Supply

- 28,000+ units (485 developments) in over 200 communities
  - ✓ 3,000 more to begin construction this spring
- 64% serve low and moderate income households
- 81% rental, 19% homeownership
- 285 communities added new units since 1972
  - ✓ CPs were used for more than 1/2 the production in 85 of these
- Average size of developments is 57 units

CPs as a % of Subsidized Inventory

- In 1972, 69% of all subsidized housing was in the 15 largest cities; now only 53% is
- 34% of all *newly constructed* units added in past 30 years, in communities below 10%, used the CP
- In past 5 years, CP projects have accounted for more than 80% of all *newly constructed* units added in communities below 10%

Increasing Use of CP

- As subsidized housing expanded beyond urban centers, use of CP increased:

Period	% Projects	% Units
Early 1970s	19%	15%
Late 1970s	34%	36%
Mid-1980s	63%	63%
Mid-90s to Present	70%	81%

Geographic Expansion

- 235+ Communities Have Processed CP Requests

Years	Projects	Communities	New Communities
1970s	67	50	
1980s	188	113	89
1990s	139	92	42
2000s	248 filings	121	29

- Most CP requests are approved locally

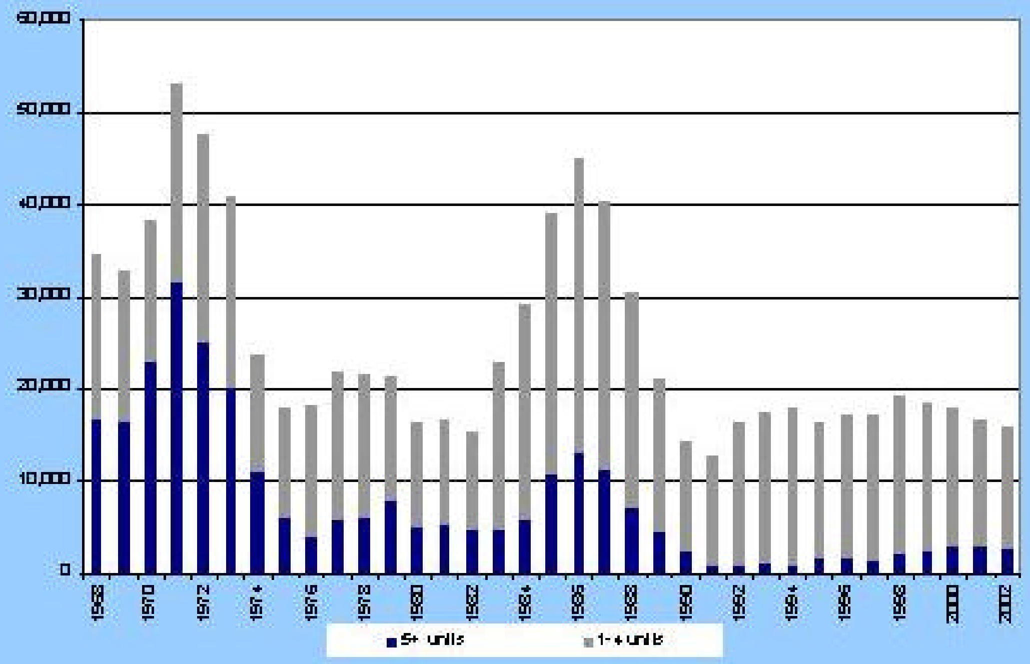
Changing Levels of Affordability

- As public subsidy programs have been reduced or eliminated, affordable units must be supported by other means (increased density, market priced units), lowering ratio of affordable-to-market units
  - Avg % affordable - 1970s 97%
  - Avg % affordable - 1990s 54%
  - Avg % affordable - 1980s 67%
  - Avg % affordable - 2000+ 27%

CP as a Production Tool

- Originally a *vehicle* to enable state and federal production programs to work in more communities
- Now one of *a very few* tools available to build housing of any type, for all income groups
- CP creates affordable *and* market rate units
  - Vehicle for harnessing market-supported low/mod income housing
  - Impetus for recent upturn in market rate rental production

Massachusetts Building Permits Over Time



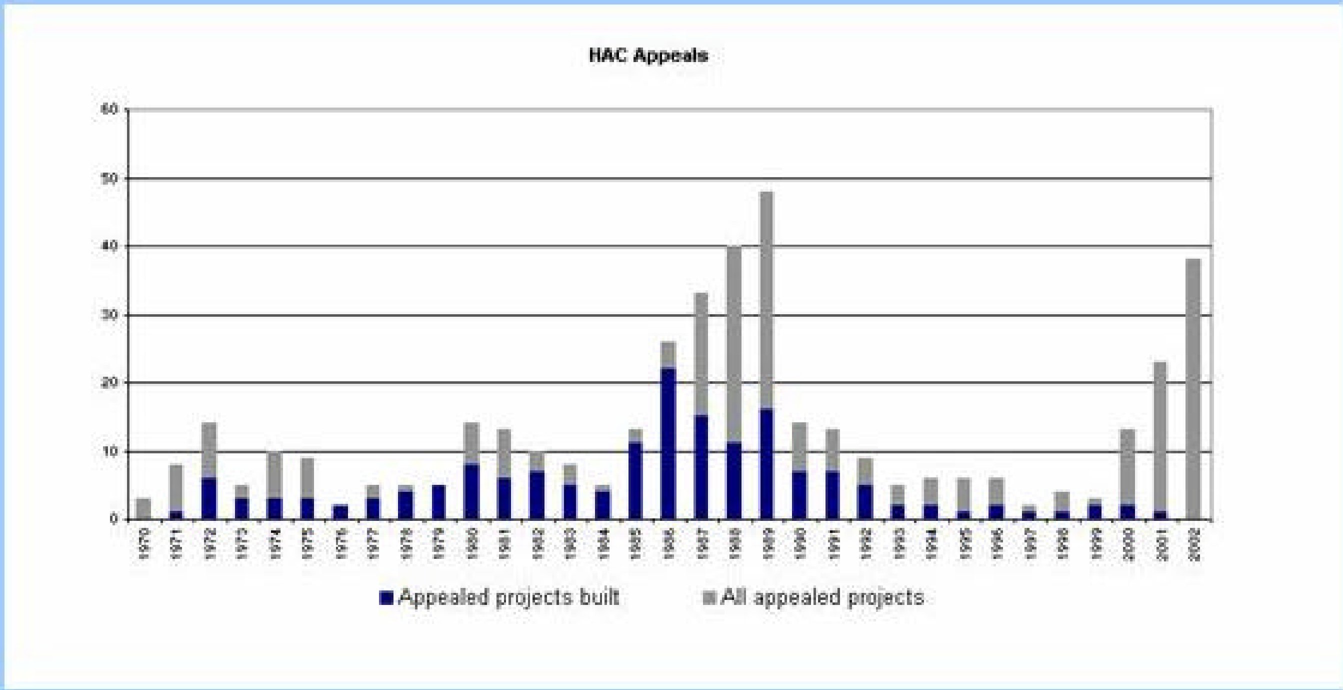
Current Market Conditions

- In 80s, rising home prices and rents were matched by increased production
- During 90s, household growth increased faster than production of new units (9% v 6%)
  - ✓ Driving vacancy rates down and home prices & rents up
  - ✓ Creating pent-up demand
- Had housing starts kept pace with household growth, MA would have added additional 70,000 units during the 1990s

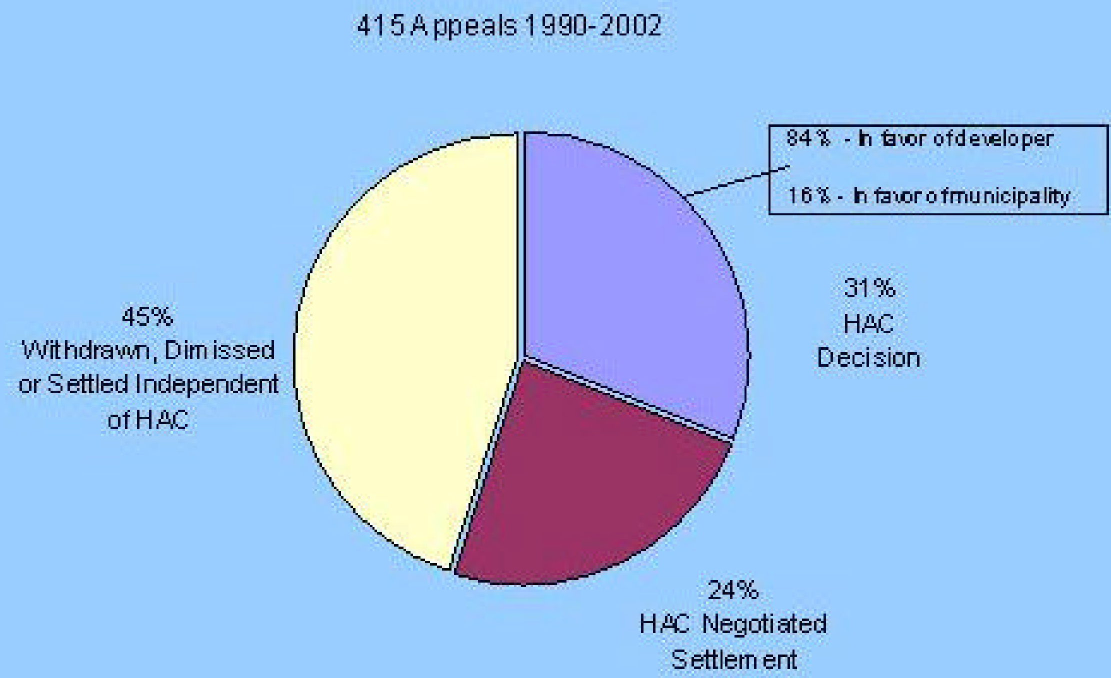
Pipeline Analysis

- Historically about 60% of CP applications proceed to construction
- If every unit now under review (ZBAs, HAC, courts) were built over the next 3 years, housing starts would:
  - Increase by 30% over their 1995-2002 levels
  - Rise to 21,000 units/year
  - Remain well below the 27,700 unit average of the 1980s or the 30,500 unit average added in the 1970s

HAC Caseload



Disposition of HAC Cases



Outcome of Appealed Cases

- Fewer than 1/2 the cases appealed between 1969 and 1999 were built, despite rulings or settlements that enabled them to proceed

HAC Disposition	% Built
Approved by HAC	62%
Negotiated settlement	56%
Withdrawn, dismissed, other	35%

- Generally 3 reasons account for this
  - Market forces
  - Power of delay
  - Availability of subsidies

Updating the Subsidized Housing Inventory

- 17,400 units added in past 5 years
  - 7,300 - new construction
  - 3,100 - counting changes
  - 2,900 - homeowner and rental rehab
  - 2,700 - acquisition and preservation
  - 1,400 - all other
  - (4,500) - losses (EUR, other)

Getting to 10%

- More communities are developing affordable housing strategies and timetables to expand housing options and attain 10% threshold
  - 32 communities have exceeded the 10% goal, up from 23 in 1997
  - 18 are at 8% or 9% and another 15 are at 6% or 7%
  - 55 communities need to produce or preserve 200 units or less to reach the 10% goal

Recent Progress

- Among the communities that have made significant progress:

Community	Last 4 Yrs	Previous 30 Yrs
Marlboro	588 units	488 units
Westborough	543 units	195 units
Peabody	476 units	711 units
Danvers	443 units	253 units
Wilmington	331 units	119 units
Abington	330 units	72 units
Raynham	275 units	193 units
Tyngsboro	266 units	116 units
Georgetown	210 units	140 units
Hadley	160 units	37 units